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**Twenty-sixth session**

Nairobi, 8–12 May 2017

Item 5 of the provisional agenda\*

**Activities of the United Nations Human Settlements  
Programme, including coordination matters**

**Work of the Committee of Permanent Representatives during  
the intersessional period**

**Addendum**

**Working group on programme and budget**

**Report of the Chair**

**I. Establishment and activity of the working group**

1. At its fifty-seventh meeting, on 12 June 2015, the Committee of Permanent Representatives formally established the working group on programme and budget in pursuance of Governing Council resolution 25/7 on the United Nations Human Settlements Programme governance reform. At the meeting, the Committee also endorsed the list of regional representatives to the working group, comprising 15 member States, with 3 member States representing each of the 5 regional groups as follows:

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| (a) African States:                      | Kenya, Nigeria, South Africa;              |
| (b) Asia-Pacific States:                 | China, Iraq, Japan;                        |
| (c) Eastern European States:             | Hungary, Poland, Romania;                  |
| (d) Latin American and Caribbean States: | Argentina, Brazil, Mexico;                 |
| (e) Western European and other States:   | Germany, Norway, United States of America. |

2. The working group adopted a rotating chairship among the regional groups as follows:

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|-------------------------|--|
| July–December 2015      | United States of America (Western European and other States) |
| January–June 2016       | Kenya/South Africa (African States)                          |
| July 2016–February 2017 | Iraq (Asia-Pacific States)                                   |
| February–August 2017    | Romania (Eastern European States)                            |

3. Participation in the meetings of the working group has been, and continues to be, open to all member States.

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\* HSP/GC/26/1.

4. Since its establishment, the working group has held four meetings, in September 2015, in March and October 2016 and in February 2017. In addition, the Group held ten or eleven informal meetings between June 2015 and May 2017. The working group reports to the Committee of Permanent Representatives through its chair at every regular meeting of the Committee.
5. In its discussions, the Group covered topics such as the implementation of the programme of work, audits and evaluations, financial management, risk management, resource mobilization, regional and national strategies, as well as the business transformation of UN-Habitat.
6. As required by resolution 25/7, the working group has formulated and submitted actionable sets of recommendations to the Executive Director at each of its meetings. All the reports of the meetings of the working group, including all of its recommendations are available from [www.unhabitat.org/cpr/workinggroup](http://www.unhabitat.org/cpr/workinggroup).
7. At its first formal meeting, held in Nairobi on 10 and 11 September 2015, the working group agreed on the methodology of its work, guided by the rules of procedure of the Governing Council and the specific requirements of resolution 25/7. It also agreed on a rotating, elected semi-annual chairship. Substantive discussions at that meeting centred on the 2015 evaluation report on UN-Habitat prepared by the Office of Internal Oversight Services (OIOS), the financial status of UN-Habitat, resource mobilization, business transformation and the strategic positioning of the Programme. The working group made a number of recommendations to the Executive Director, including on the need to strengthen communications and external relations.
8. At its second formal meeting, held in Nairobi on 14 and 15 March 2016, the discussions of the working group focused on the status of implementation of recommendations arising from the 2015 OIOS evaluation report on UN-Habitat and other relevant issues such as oversight, regional and national strategies, the communications strategy, and the business transformation and strategic positioning of the Programme, particularly in the light of the outcome of the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the 2030 Agenda for Sustainable Development and the expected outcomes of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III). The secretariat updated the working group on the status of implementation of the recommendations made at its first meeting.
9. At its third formal meeting, held in Nairobi on 6 and 7 October 2016, the working group considered the follow-up to its previous recommendations as well as a paper by the Executive Director on the challenges of abiding by the rules and regulations governing the United Nations Secretariat as opposed to “hybrid” entities such as the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).
10. The working group reviewed the progress made in the implementation of the work programme and budget and the financial status, budget and administration of UN-Habitat. It requested that the secretariat consider how better to improve the gender balance, and made recommendations on revising the Programme’s business model. It also requested written updates from the secretariat on all the subprogrammes of UN-Habitat, among other things.
11. At its fourth formal meeting, held in Nairobi on 22 and 23 February 2017, the working group considered the implementation of the UN-Habitat programme of work; the financial status of the organization for 2016, including information on each of its seven subprogrammes; an analysis of the budget for the biennium 2016–2017, including projections of income and expenses and a presentation of the draft budget for 2018–2019 on income and expenses of the regular budget, core contributions and earmarked contributions. The Executive Director provided an overview of the status of implementation of the reports of oversight bodies, including OIOS, the Board of Auditors and the Joint Inspection Unit. At that meeting, the working group reiterated its request for a proposed revised business model for the organization as well as a gender action plan specific to UN-Habitat. The working group also outlined its expectations for the next meeting and recommended that the secretariat provide a report on the implementation of the recommendations listed for UN-Habitat action by the Joint Inspection Unit in its report entitled “Review of the acceptance and implementation of JIU recommendations by the United Nations Human Settlements Programme (UN-Habitat)” (JIU/ML/2016/19). The working group also recommended that that it propose to the Governing Council an extension of its mandate, and suggested that a draft resolution be prepared in that regard.

## II. Evaluation of the implementation of the working group's mandate

12. The working group reviewed its activity between 2015 and 2017 and considered positive outcomes and challenges in the implementation of its mandate in accordance with resolution 25/7. . . Members States concluded that as result of the group's activities the oversight function of the governing bodies had led to some improvement.
13. The working group identified the following constructive outcomes of its work:
- (a) It provided a platform for increasing oversight by member States of UN-Habitat;
  - (b) It provided for more frequent and direct interaction with the secretariat and led to more two-way flow of information;
  - (c) Member States achieved better insight into the secretariat's operations, procedures and reporting;
  - (d) Member States reviewed and followed up on a number of recommendations contained in evaluations and assessments of UN-Habitat;
  - (e) Upon request by member States, the secretariat started providing more detailed updates and reports on the operational and financial aspects of UN-Habitat;
  - (f) The working group attracted growing interest from and the active participation of member States, in addition to the actual membership of the working group, which enhanced cooperation, improved mutual understanding and eventually enhanced member States' ownership of the governance process.
14. The working group experienced several challenges in implementing its mandate:
- (a) The frequency of the meetings was insufficient, offering member States a fragmented oversight process;
  - (b) Insufficient follow-up to and reporting on the implementation of recommendations;
  - (c) Insufficient and untimely submission of documentation;
  - (d) Lack of wide sharing of information with all member States;
  - (e) Shortage of senior staff to support the Executive Director at formal meetings of the working group, limited its members deeper understanding of issues.

## III. Recommendations

15. In order to further strengthen the oversight function of the governing bodies and contribute more effectively to improving UN-Habitat, the working group recommends that its mandate be extended through the next biennium 2018–2019.
16. In addition, the working group requests:
- (a) The membership of the group to consider convening more frequent regular meetings (monthly or bi-monthly) to ensure continuous monitoring process of UN-Habitat;
  - (b) The working group to develop an implementation and follow-up process for its recommendations;
  - (c) The Executive Director to implement the recommendations in a timely manner and to report back to the working group on progress achieved;
  - (d) The Executive Director to provide a progress report on the implementation of all the recommendations made since the establishment of the working group;
  - (e) The secretariat to improve the quality and timeliness of presenting updates, reports and documentation requested by member States.
17. The working group on programme and budget is a constructive partner of UN-Habitat and is instrumental in offering member States' a better understanding of the organization, its activities and finances. It could contribute substantially to making UN-Habitat more efficient, transparent and productive, and to improving member States' oversight and perception of member States of the organization.